

SKB SHUTTERS CORPORATION BERHAD

Registration No. 199701014865 (430362 - U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	(Unaudited) 30 September 2022 RM'000	(Audited) 30 June 2022 RM'000
Assets		
Property, plant and equipment	31,865	32,376
Right-of-use assets	58,478	58,696
Investment properties	258	260
Total non-current assets	<u>90,601</u>	<u>91,332</u>
Inventories	56,288	52,812
Trade and other receivables	22,700	18,312
Current tax assets	309	242
Cash and cash equivalents	12,891	16,760
Total current assets	<u>92,188</u>	<u>88,126</u>
Total assets	<u><u>182,789</u></u>	<u><u>179,458</u></u>
Equity		
Share capital	45,818	45,818
Reserves	(241)	(219)
Retained earnings	57,516	55,043
Total equity attributable to owners of the Company	<u>103,093</u>	<u>100,642</u>
Liabilities		
Loans and borrowings	36,187	36,896
Lease liabilities	179	247
Deferred tax liabilities	1,558	1,558
Total non-current liabilities	<u>37,924</u>	<u>38,701</u>
Loans and borrowings	15,817	13,041
Current tax liabilities	300	322
Lease liabilities	187	165
Trade and other payables	25,468	26,587
Total current liabilities	<u>41,772</u>	<u>40,115</u>
Total liabilities	<u>79,696</u>	<u>78,816</u>
Total equity and liabilities	<u><u>182,789</u></u>	<u><u>179,458</u></u>
Net assets per share (RM)	<u><u>0.78</u></u>	<u><u>0.76</u></u>

The notes on pages 6 to 13 are an integral part of these condensed interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	3 months ended			03 months ended		
	30 September 2022	30 September 2021	Changes (%)	30 September 2022	30 September 2021	Changes (%)
	RM'000 Unaudited	RM'000 Unaudited		RM'000 Unaudited	RM'000 Audited	
Continuing operations						
Revenue	22,205	15,335	45%	22,205	15,335	45%
Result from operating activities	3,175	1,431	122%	3,175	1,431	122%
Interest income	74	62	19%	74	62	19%
Interest expense	(511)	(463)	10%	(511)	(463)	10%
Profit before taxation	2,738	1,030	166%	2,738	1,030	166%
Tax expense	(265)	(237)	12%	(265)	(237)	12%
Profit for the period/year	2,473	793	212%	2,473	793	212%
Other comprehensive loss, net of tax Item that is or may reclassified subsequently to profit or loss Foreign currency transaction differences for foreign operation	(22)	4	-650%	(22)	4	-650%
Total comprehensive income for the period attributable to owners of the company	2,451	797		2,451	797	
Basic earnings per share (sen)	1.87	1.80		1.87	1.80	
Diluted earnings per share (sen)	N/A	N/A		N/A	N/A	

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these condensed interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 September 2022**

	Current Quarter 30 September 2022 RM'000 Unaudited	Immediate Preceding Quarter 30 June 2022 RM'000 Audited	Changes (%)
Continuing operations			
Revenue	22,205	24,515	-9%
Result from operating activities	3,175	6,135	-48%
Interest income	74	74	0%
Interest expense	(511)	(438)	17%
Profit for the period	2,738	5,771	-53%
Tax expense	(265)	(1,622)	-84%
Profit for the period	2,473	4,149	40%
Other comprehensive expense, net of tax Item that is or may reclassified subsequently to profit or loss			
Foreign currency transaction differences for foreign operation	(22)	(26)	-15%
Total comprehensive income for the period attributable to owners of the company	2,451	4,123	
Basic earnings per share (sen)	1.87	3.14	
Diluted earnings per share (sen)	N/A	N/A	

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AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2022	45,818	(219)	55,043	100,642
Other comprehensive expense for the year	-	(22)	-	(22)
Profit for the year	-	-	2,473	2,473
Total comprehensive (expense)/income for the year	-	(22)	2,473	2,451
At 30 September 2022	45,818	(241)	57,516	103,093

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2021	45,818	(193)	45,447	91,072
Other comprehensive income for the year	-	4	-	4
Profit for the year	-	-	793	793
Total comprehensive income for the year	-	4	793	797
At 30 September 2021	45,818	(189)	46,240	91,869

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	03 months ended 30 September	
	2022	2021
	RM'000	RM'000
	(Unaudited)	(Audited)
Profit before tax from continuing operations	2,738	1,030
Adjustments for :		
Depreciation of property, plant & equipment	768	1,024
Depreciation of investment properties	2	2
Depreciation of right-of-use assets	218	40
Interest expense	511	463
Interest income	(74)	(62)
Unrealised (gain)/loss on foreign exchange	(100)	(101)
Operating profit before changes in working capital	<u>4,063</u>	<u>2,396</u>
Changes in working capital:		
Inventories	(3,476)	(1,512)
Trade and other receivables	(4,162)	(1,702)
Trade and other payables	(1,266)	1,739
Cash generated from operations	<u>(4,841)</u>	<u>921</u>
Tax paid	(355)	(239)
Net cash (used in)/from operating activities	<u>(5,196)</u>	<u>682</u>
Cash flows from investing activities		
Purchase of plant and equipment	(257)	(276)
Proceeds from disposal of plant and equipment	-	-
Interest received	74	62
Net cash used in investing activities	<u>(183)</u>	<u>(214)</u>
Cash flows from financing activities		
Repayment of hire purchase creditors	(216)	(547)
Repayment of term loan	(543)	(865)
Repayment of lease liabilities	(46)	(39)
Changes in other borrowings, net	2,455	2,023
Proceeds from issuance of ordinary shares pursuant to private placement	-	(462)
Interest paid	(511)	-
Net cash from financing activities	<u>1,139</u>	<u>110</u>
Net (decrease)/increase in cash and cash equivalents	<u>(4,240)</u>	<u>578</u>
Cash and cash equivalents at 1 July 2022/2021	15,330	15,044
Cash and cash equivalents at 30 September	<u><u>11,090</u></u>	<u><u>15,622</u></u>
Note :		
<u>Purchase of plant and equipment</u>		
Purchase of plant and equipment	257	487
Less: Acquired by means of hire purchase arrangements	-	(211)
	<u>257</u>	<u>276</u>
<u>Cash and cash equivalents</u>		
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash and bank balances	12,891	17,165
Bank overdrafts	(1,801)	(1,495)
Fixed deposits pledged	-	(48)
	<u>11,090</u>	<u>15,622</u>

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Notes to the condensed consolidated interim financial statements

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and *MFRS 134, Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2022.

(b) Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 30 June 2022.

For the adoption of new and revised MFRSs and IC Interpretations below that are relevant and came into effect for accounting periods beginning on or after 1 January 2022 and 1 January 2023 did not have any significant impact to the unaudited consolidated financial statements upon their initial application:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

1. Basis of preparation (continued)

(b) Significant accounting policies (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2. Auditors' qualification

The auditors' report on the audited financial statements for the year ended 30 June 2022 was not qualified.

3. Seasonality or cyclicity of operations

The business of the Group was not affected by any significant seasonal or cyclical factors.

4. Exceptional and extraordinary items

There were no material exceptional and extraordinary items for the period-to-date under review.

5. Changes in estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2022.

There were no changes in estimates of amounts reported in the prior financial periods that have a material effect in the current quarter.

6. Debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the period ended 30 September 2022.

7. Dividend

No dividend was paid and/or declared/proposed for the current quarter and period to-date.

8. Operating segments

The Group is principally engaged in the manufacture and sale of roller shutters, racking systems, storage system and related steel products which are principally carried out in Malaysia. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

9. Changes in Group's composition

There were no changes in the composition of the Group during the quarter and financial period to-date.

10. Changes in contingent liabilities and assets and changes in material litigation

There were no contingent liabilities and assets at the end of the reporting period.

Neither the Company nor any subsidiaries is engaged in any material litigation, either as plaintiff or defendant and the Director are not aware of any proceedings pending or threatened, against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company or any of its subsidiaries, financially or otherwise.

11. Review of Group performance

The Group registered a revenue of RM22.205 million for period-to-date under review as compared to RM15.335 million for the corresponding financial year, representing an increase of RM6.870 million of 44.80% due to increase in sale of shutters and racking products.

The Group's profit before tax for the period ended 30 September 2022 is RM2.738 million against RM1.030 million for the corresponding period-to-date, representing an increase of 165.83% mainly due to the increase in revenue.

12. Variation of results against preceding quarter

For the current quarter ended 30 September 2022, the Group registered a revenue of RM22.205 million as compared to the immediate preceding quarter of RM24.515 million, representing a decrease of RM2.310 million or 9.42%. The decrease was mainly due to decrease in sale of shutters products.

12. Variation of results against preceding quarter (continued)

During the current quarter, the Group recorded profit before tax of RM2.738 million as compared to RM5.771 million in the immediate preceding quarter, representing a decrease of RM3.033 million or 52.56%. The decrease was mainly due to decrease in revenue.

13. Current year prospects

The Board expects the business environment to remain challenging and competitive in view of the rising inflation on costs of materials, labor and logistics which will impact the Group's profitability. The Group is positioning itself to improve on performance in view of the overall economic environment in Malaysia and the region, and continue to take appropriate measures and strategies to mitigate the business risks and enhance operational efficiencies.

Continuous product quality improvement, manufacturing facilities enhancement and new product innovation are also the key steps forward to increase market share, revenue and profitability.

14. Variance of actual profit from profit forecast

The Group has not announced or disclosed any profit forecast in a public document that relates to this interim reporting period.

15. Profit before taxation

	3 months ended 30 September 2022 RM'000
Profit before tax is arrived at :	
Depreciation and amortisation	989
Gain/(Loss) on foreign currency exchange	
- realised	(292)
- unrealised	100
Interest income	74

16. Tax expense

	3 months ended 30 September	
	2022 RM'000	2021 RM'000
Current tax expense		
Current period	265	237
Prior period	-	-
	265	237
Deferred tax expense		
Current period	-	-
Prior period	-	-
	-	-
	265	237

17. Quoted investments

There were no purchase of quoted shares for the quarter under review and the financial period to-date.

18. Status of corporate proposals

Not applicable.

19. Loans and borrowings

	30 September 2022 RM'000
Current	
<i>Secured</i>	
- Term loan	2,225
- Hire purchase creditors	673
<i>Unsecured</i>	
- Bank overdrafts	1,801
- Bankers' acceptances	6,983
- Foreign currency loan ("FCL")	2,135
- Revolving credits	2,000
	<u>15,817</u>
Non-current	
<i>Secured</i>	
- Term loan	35,345
- Hire purchase creditors	842
	<u>36,187</u>

The above borrowings are denominated in Ringgit Malaysia other than FCL which is denominated in U.S. Dollar.

20. Earnings per share

Basic earnings per ordinary share

The calculation of basic earnings per share for the quarter end was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows :

	3 months ended 30 September	
	2022	2021
	RM	RM
Profit for the period attributable to ordinary shareholders	2,471,956	793,209
	3 months ended 30 September	
	2022	2021
Issued ordinary shares at 1 July	44,000,000	40,000,000
Weighted average number of ordinary shares	-	-
Effect of bonus issue	88,000,000	88,000,000
Weighted average number of ordinary shares at 30 September	132,000,000	132,000,000
	3 months ended 30 September	
	2022	2021
Basic earnings per ordinary share (sen)	1.87	0.60

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	3 months ended 30 September	
	2022	2021
	RM	RM
Profit for the period attributable to ordinary shareholders	2,471,956	793,209

20. Earnings per share (continued)

Diluted earnings per ordinary share (continued)

	3 months ended 30 September	
	2022	2021
Weighted average number of ordinary shares	132,000,000	132,000,000
Effect of warrants	*	-
Weighted average number of ordinary shares (diluted)	<u>132,000,000</u>	<u>132,000,000</u>
	3 months ended 30 September	
	2022	2021
Diluted earnings per ordinary share (sen)	<u>N/A*</u>	<u>N/A</u>

* The effect of the assumed exercise of Warrants for the current quarter under review has not been considered as the exercise price of the Warrants is higher than the average market price of the Company's shares.

21. Capital commitments

	30 September 2022 RM'000
Property, plant and equipment - Contracted but not provided for	<u>727</u>

22. Material post balance sheet events

Further to the Announcement on 29 July 2022, SKB Shutters Manufacturing Sdn Bhd ("SKBSM"), had on 1 November 2022 entered into a conditional sale and purchase agreement ("SPA") with Paragon Pinnacle Sdn Bhd ("PPSB"), to acquire a portion of the piece of leasehold land provisionally known as Lot B51012 Phase 3B12 and measuring in area approximately 9.807 acres / 39,689 square metres (the "Said Land") for a final cash consideration of Ringgit Malaysia Thirty Five Million Nine Hundred and Seventy Four Thousand (RM35,974,000) only.

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Date: 25 November 2022